

Message Text

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44

ACTION AF-07

INFO OCT-01 ISO-00 EB-07 INT-05 GSA-01 OMB-01 CIEP-01

TRSE-00 CIAE-00 INR-05 NSAE-00 RSC-01 DOTE-00 AID-05

/034 W

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R 260800Z NOV 74

FM AMEMBASSY OUAGADOUGOU

TO SECSTATE WASHDC 8794

INFO USDOC WASHDC

LIMITED OFFICIAL USE OUAGADOUGOU 2448

E.O. 11652: N/A DECONTROL ON RECEIPT

TAGS: EMIN, UV

SUBJECT: TAMBAO MANGANESE PROJECT

REF: OUAGA 1953

1. SUMMARY. TAMBAO PROJECT DIRECTOR PHILIPPE OUEDRAOGO CALLED ON EMBOFF TO DISCUSS UNION CARBIDE'S PROPOSED LETTER OF AGREEMENT DATED OCTOBER 3. OUEDRAOGO AND INTRA-MINISTERIAL COMMITTEE HAVE EXAMINED LANGUAGE OF AGREEMENT AND WISH TO TRANSMIT FOLLOWING COMMENTS/PROPOSED CHANGES TO JOHN WARD, U.C. MINING AND METALS DIVISION. ACTION REQUESTED: DEPT PASS UNION CARBIDE. END SUMMARY.

2. ARTICLE ONE -- U.C. TEXT CALLS FOR PARTIES (U.C., GOUV, JAPANESE ASSN.) TO RESTUDY ECONOMIC VIABILITY OF PROJECT BEFORE DECIDING ON PARTICIPATION. GOUV FEELS PROJECT HAS PASSED THIS STAGE AND THAT ENOUGH DATA EXISTS (OTAM STUDIES, ETC.) FOR U.C. TO MAKE ITS BASIC DECISION. VOLTANS PREFER OBTAIN AGREEMENT OF U.C. FIRST AND THEN, IF NECESSARY, DO FOLLOW-UP STUDIES.

3. ARTICLE TWO -- TEXT CALLS FOR RAILROAD (FROM OUAGA
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TO TAMBAO) TO BE CONSTRUCTED BY GOUV AT ITS OWN COST

AND EXPENSE AND NOTES THAT RAILROAD SHALL NOT BE PART OF DEVELOPMENT OF TAMBAO DEPOSIT. OUEDRAOGO STATES THAT GOUV IS IN AGREEMENT TO TAKE ON RESPONSIBILITY FOR MOBILIZING CAPITAL. VOLTAN UNDERSTANDING LAST SENTENCE POINT TWO IS NOT CLEAR. GOUV WISHES TO USE CERTAIN PART OF MINE REVENUES TO PAY OFF LOANS FOR RAILROAD CONSTRUCTION AND THEREFORE MINE AND RAILROAD WILL BE LINKED IN THIS SENSE.

4. ARTICLE THREE -- U.C. LETTER STATES GOUV WILL OBTAIN EXEMPTION ON PAYMENT OF CUSTOMS AND TAXES FOR SHIPMENT MANGANESE OXIDE ORE TO PORT OF ABIDJAN. OUEDRAOGO REPLIES THAT NO TAXES ON TRANSIT WILL BE APPLIED ON SHIPMENTS OF PRIMARY PROUDUCTS WHICH ORIGINATE IN UPPER VOLTA. ONLY CHARGE WHICH WILL BE LEVIED IS "IVORIAN" TAX PORTUAIRE" WHICH OUEDRAOGO ESTIMATES AT 43 MILLION CFA ANNUALLY (ABOUT \$184,000). PROJECT DOSSIER MAKES ALLOWANCE FOR PAYMENT THIS ITEM.

5. ARTICLE 6 -- PROPOSED LANGUAGE GIVES U.C. BUY-BACK RIGHTS FOR MINIMUM 125,000 TONS/PER ANNUM PLUS OPTION OF ADDITION 150,000 TONS. GOUV SALES PRICE IS TO BE SET BY CONSULATION BUT IN NO EVENT SHALL BE HIGHER THAN WORLD PRICE OR PRICE CHARGED TO OTHER CUSTOMERS. OUEDRAOGO STATES THAT GOUV THUS FAR HAS ONLY GIVEN CONSIDERATION TO ESTABLISHMENT MINIMUM FLOOR PRICE WHICH WILL SERVE AS GUARANTEE. THIS PRICE NOT YET SET BUT VOLTANS ARE CONSIDERING \$36/MT FOB ABIDJAN. PRICE MUST COVER AMORTIZATION OF RAILWAY LOAN, REPAY RR OPERATING COSTS, AND COVER MINE OPERATING EXPENSES. OUEDRAOGO IS IN GENERAL AGREEMENT ON U.C. BUY-BACK PRICE WITH FOLLOWING EXCEPTION: RE PENULTIMATE PARAGRAPH POINT 6 ARTICLE (II), GOUV INSISTS THAT AT TIMES WHEN WORLD PRICE IF BELOW FLOOR PRICE, I.E. \$36, U.C. MUST BUY BACK AT AGREED UPON FLOOR PRICE.

6. REMAINING POINTS (FOUR, FIVE, SEVEN, EIGHT, NINE) IN LETTER ARE ACCEPTABLE TO GOUV. OUEDRAOGO STATES TWO MOST IMPORTANT ISSUES ARE NECESSITY OF GETTING U.C. PARTICIPATION AGREEMENT AND U.C. ACCEPTANCE OF FLOOR LIMITED OFFICIAL USE

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PRICE ISSUE.

7. OUEDRAOGO MENTIONED THAT MEETING OF DONORS AND LENDING INSTITUTIONS FOR RAILROAD FINANCING SET FOR DEC 2-5 IN OUAGADOUGOU.
GRAHAM

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MANGANESE, JOINT VENTURES, EXPLOITATION (NATURAL RESOURCES), FOREIGN INVESTMENTS, TAMBEO PROJECT, RAILROADS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OUAGAD02448
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740342-1016
From: OUAGADOUGOU
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ISecure: 1
Legacy Key: link1974/newtext/t19741112/aaaaajjy.tel
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Review Comment: n/a
Review Content Flags:
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30 JUN 2005

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Review Withdrawn Fields: n/a
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TAGS: EMIN, UV, US, UNION CARBIDE
To: STATE
Type: TE
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